

CO-OPERATIVE FEDERATION OF VICTORIA LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

CO-OPERATIVE FEDERATION OF VICTORIA LTD**DIRECTORS' REPORT**

To the members,

Your Directors submit their report, together with the audited accounts of the Federation for the year ended 30 June 2003.

DIRECTORS

The Directors in office during the year and up to the date of this report are:

John Niel BLACK
David Graham DINNING
Peter Kenneth JAMIESON (resigned November 2002)
David Henry GRIFFITHS (resigned October 2002)
John Sylvester LUCKMAN
Valerie Therese OGIER (resigned November 2002)
Christopher Dave GREENWOOD (resigned February 2003)
Anthony Francis O'SHEA

PRINCIPAL ACTIVITIES

The principal activities of the Federation in the course of the financial year were:

- Maintaining relations with the Registry of Co-operatives
- Establishment & maintenance of Australian Co-operative portal <www.australia.coop>
- Promoting the Co-operative option
- Publishing the *Victorian Co-operative News*; online and/or in printed form
- Providing and developing services for use by members
- Conducting seminars and workshops
- Participating in meetings of the Co-operatives Council of Australia
- Fostering co-operation between Co-operatives.

OPERATING RESULTS FOR THE YEAR

The net amount of the deficit of the Federation for the financial year after provision for income tax was \$1,185.

ENVIRONMENTAL REGULATION

The Co-operative's activities are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

DIVIDENDS

The Directors recommend that no amount should be paid by way of dividend. No amount has been paid or declared by way of dividend since the end of the previous financial year.

REVIEW OF OPERATIONS

The Federation concluded the financial year with an operating deficit of \$1,185 after provision for income tax compared to a surplus of \$8,856 the previous year. Grant Income decreased by \$22,316.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Federation over the year.

AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the Federation's operations for the next succeeding financial year.

INFORMATION ON DIRECTORS

Anthony Francis O'Shea

Chairman 2003
Committee Member, Avoca District Co-operative Ltd
Treasurer, Avoca Community Resource Centre
25 years experience as Co-operative Director Manager
Appointed Director in 2002

John Niel Black

Past Chairman
30 years experience as Co-operative Director
Appointed Director in 1998

Peter Kenneth Jamieson

Executive Officer and Director
North East Telecommunications Co-Operative Ltd
Appointed Director in 2001
Resigned November 2002

David Henry Griffiths

Secretary of Co-operative Energy Ltd
Past Chairman Co-op Federation of Victoria
Appointed Director in 1995
Resigned October 2002

John Sylvester Luckman

Chairman YCW Co-op
Delegate to Co-op Federation of Victoria since 1995
Appointed Director in 1997

Valerie Therese Ogier

Chairman Co-operative Purchasing Services Ltd since June 1994
Appointed Director in 1996
Resigned November 2002

Christopher Dave Greenwood

Independent Director
Editor of National Co-op Update
Appointed Director in 2001
Resigned February 2003

David Graham Dinning

Independent Director
30 years as a Director and Manager and full-time professional at various levels of the Credit Co-operative movement in Australia and overseas.
Appointed Director in February 2003

Six board meetings were held during the 2002/2003 year. The attendances at board meetings were:

- D. Griffiths attended 6 out of 7 meetings
- D. Dinning attended 3 out of 3 meetings
- N. Black attended 5 out of 6 meetings
- J. Luckman attended 5 out of 6 meetings
- V. Ogier attended 0 out of 2 meetings
- P. Jamieson attended 0 out of 2 meetings
- A. O'Shea attended 5 out of 5 meetings
- C. Greenwood attended 3 out of 6 meetings

DIRECTORS AND EXECUTIVE OFFICERS EMOLUMENTS

Directors are not paid any fees for services as a director. The Federation has a policy of reimbursing directors for travel expenses to board meetings.

Since the end of the previous financial year, no Director of the Federation has received or become entitled to receive a benefit, by reason of a contract made by the Federation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

No director has an interest in a contract which the directors are entitled to a benefit which confers a right to call for or deliver shares in, or debentures of or interest in a registered scheme made available by the Federation or a related body corporate.

INDEMNIFYING OFFICERS OR AUDITORS

The Federation has paid a premium to insure directors and officers against liability for costs and expense incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Federation, other than conduct involving wilful breach of duty in relation to the Federation.


The Federation has not given or entered into an agreement to indemnify any person who is or has been an officer or auditor of the Federation in relation to defending legal proceedings.

This report is made in accordance with a resolution of the Board and is signed for and on behalf of the Directors.

Signed on the 16th day of January 2004.

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 Director - Niel Black

.....

 Director - Tony O'Shea

CO-OPERATIVE FEDERATION OF VICTORIA LTD

OPERATING STATEMENT
YEAR ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
INCOME			
Grant Income	2	21,498	43,814
Seminar Fees		1,104	1,624
Interest Received		100	30
Membership Subscriptions		26,505	30,055
Publication Sales		1,505	4,076
Sundry Income		275	460
Annual Dinner		60	750
Workshops		-	5,118
Monash University		700	-
		<u>51,747</u>	<u>85,927</u>
EXPENSES			
Annual Meeting		120	1,992
Auditors Remuneration	3	3,400	3,245
Banking Charges		91	144
Chairman's Expenses		1,394	1,718
Depreciation		82	363
Executive Officers Remuneration	4	-	19,036
Grant Expenditure		28,240	27,560
Honorariums	10	7,400	3,974
Insurance		3,311	2,596
Meeting Expenses		680	729
Seminar Expenses		2,281	-
Software Expenses		320	-
Postage		1,789	2,526
Printing, Publishing & Stationery		2,403	5,109
Sundry Expenses		727	754
Superannuation		-	1,400
Telephone, Fax & Internet		1,243	3,130
Training Reimbursement		-	950
Travel Reimbursements		118	-
Website Expenses		250	-
Workshops		660	-
		<u>54,509</u>	<u>75,226</u>
OPERATING SURPLUS/(DEFICIT)		<u>(2,762)</u>	<u>10,701</u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
Operating Surplus/(Deficit) before Income Tax		(2,762)	10,701
Income Tax (Expense)/Benefit Attributable to Operating Deficit	5	<u>1,577</u>	<u>(1,845)</u>
Operating Surplus/(Deficit) After Income Tax		(1,185)	8,856
Retained Surplus at the beginning of the Financial Year		<u>17,297</u>	<u>8,441</u>
Retained Surplus at the end of the Financial Year		<u>16,112</u>	<u>17,297</u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

BALANCE SHEET
AS AT 30 JUNE 2003

	Notes	2003 \$	2002 \$
CURRENT ASSETS			
Cash at Bank		24,716	22,916
Stock of Publications		3,478	7,802
Sundry Debtors		<u>1,610</u>	<u>600</u>
Total Current Assets		<u>29,804</u>	<u>31,318</u>
NON-CURRENT ASSETS			
Investments			
- Community Enterprise Network (at cost)		10	10
CPS Ltd (at cost)		10	10
Office Furniture and Equipment (at WDV)	6	412	494
Future Income Tax Benefit	5	<u>231</u>	<u>579</u>
Total Non-Current Assets		<u>663</u>	<u>1,093</u>
TOTAL ASSETS		<u>30,467</u>	<u>32,411</u>
CURRENT LIABILITIES			
Sundry Creditors		1,078	3,364
Grant Income Not Yet Expended		11,621	8,119
Provision for Income Tax		<u>-</u>	<u>1,925</u>
Total Liabilities		<u>12,699</u>	<u>13,408</u>
NET ASSETS		<u>17,768</u>	<u>19,003</u>
SHAREHOLDERS EQUITY			
Share Capital	7	600	650
Forfeited Share Reserve	8	740	740
Statutory Reserve		316	316
Retained Surplus		<u>16,112</u>	<u>17,297</u>
Total Shareholders Equity		<u>17,768</u>	<u>19,003</u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

STATEMENT OF CASHFLOWS
YEAR ENDED 30 JUNE 2003

	Notes	2003 \$ Inflows (Outflows)	2002 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from operating activities		50,737	57,399
Cash Payments from operating activities		(48,987)	(86,194)
Interest Received		100	90
Net Cash Provided (Used) by Operating Activities	9(b)	<u>1,850</u>	<u>(28,705)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		<u>-</u>	<u>(857)</u>
Net Cash Provided/(Used) by Investing Activities		<u>-</u>	<u>(857)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of share capital		(50)	(50)
Share capital received		<u>-</u>	<u>20</u>
Net Cash Provided by Financing Activities		<u>(50)</u>	<u>(30)</u>
Net increase/(decrease) in cash held		1,800	(29,592)
Cash at the beginning of the financial year		22,916	52,508
Cash at the end of the financial year	9(a)	<u>24,716</u>	<u>22,916</u>

The accompanying notes form part of the accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LTD**NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30 JUNE 2003****1. Statement of Accounting Policies****a) Basis of Accounting**

The Co-operative Federation of Victoria Ltd is not a reporting entity because in the Directors' opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs, and these accounts are therefore a "Special Purpose Financial Report" that has been prepared solely to meet the Co-operatives Act 1996 requirements to prepare accounts.

The accounts have been prepared in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements and the requirements of the Co-operatives Act 1996 with the exception that Accounting Standards AASB 1026 (Statement of Cash Flows) has not been adopted.

The accounts have been prepared under the historical cost convention and, therefore, do not take into account changing money values or, except where stated, the current value of monetary assets.

The accounting policies adopted are consistent with those applied in the previous year.

b) Plant and Equipment

Plant and equipment are included at cost. All assets are depreciated over their useful lives by the straight line method.

c) Income Tax

The Co-operative Federation of Victoria Ltd adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of operating profit before income tax and taxable income, are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. Future income tax benefits relating to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

d) Stock Valuations

The Co-operative Federation of Victoria Ltd decided to revalue their stock at a more realisable value in 2003. This explains the decrease in the closing stock balance as at 30 June 2003.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
2. Grant Income		
(i) Office of Fair Trading		
Unearned Income Brought Forward	8,119	15,413
Received during year	25,000	14,000
less: Unexpended at 30 June	<u>(11,621)</u>	<u>(8,119)</u>
	<u>21,498</u>	<u>21,294</u>
(ii) Department of Natural Resources		
Unearned Income Brought Forward	-	22,520
Received during year	-	-
less: Unexpended at 30 June	<u>-</u>	<u>-</u>
	<u>-</u>	<u>22,520</u>
Total Grant Income	<u>21,498</u>	<u>43,814</u>
3. Auditors' Remuneration		
Charging as Expense		
Auditors' remuneration		
(i) auditing of accounts - current year	770	770
(ii) other services	<u>2,630</u>	<u>2,475</u>
	<u>3,400</u>	<u>3,245</u>
4. Executive Officers Remuneration		
Comprised:		
Salary	-	17,183
Travel Reimbursement	<u>-</u>	<u>1,853</u>
	<u>-</u>	<u>19,036</u>

CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
5. Income Tax Expense		
a) The prima face tax payable on operating surplus is reconciled to the income tax provided in the accounts as follows:		
Operating Surplus/(Deficit) before Income Tax	<u>(2,762)</u>	<u>10,701</u>
Tax effect at company tax rate	(829)	3,210
Tax losses not brought to account	829	-
Overprovision previous year	(1,925)	-
(Increase)/decrease in Future Income Tax Benefit	348	(80)
Other adjustments	<u>-</u>	<u>(1,285)</u>
Income Tax Expense/(Benefit)	<u>(1,577)</u>	<u>1,845</u>
 Future Income Tax Benefit relates to:		
• Timing Differences	<u>231</u>	<u>579</u>
6. Property, Plant & Equipment		
Office Furniture and Equipment		
At Cost	2,636	2,636
Accumulated depreciation	<u>(2,224)</u>	<u>(2,142)</u>
	<u>412</u>	<u>494</u>
7. Share Capital		
Issued capital: 60 @\$10 shares (2002:65@\$10) shares	<u>600</u>	<u>650</u>
8. Movement in Reserves		
Forfeited Share Reserve:		
Net transfer to Share Capital	<u>-</u>	<u>(20)</u>

CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS
YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
9. Cashflow Statement Information		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash at Bank – Bendigo Bank	<u>24,716</u>	<u>22,916</u>
(b) Reconciliation of operating surplus/(loss) to net cash flows from operation as follows:		
Operating Surplus/(Deficit)	(1,185)	8,856
Depreciation	82	363
(Increase)/(decrease) in stock	4,324	(5,782)
(Increase)/decrease in accrued income	-	310
Decrease in sundry debtors	(1,010)	120
Increase/(decrease) in sundry creditors	(2,286)	(3,016)
(Increase)/decrease in FITB	348	(80)
Increase/(decrease) in unearned income	3,502	(29,814)
Increase in provision for tax	(1,925)	1,925
Increase/(decrease) in provision for annual leave	-	(1,587)
Cash flows from operations	<u>1,850</u>	<u>(28,705)</u>
10. Honorariums	<u>7,400</u>	<u>3,974</u>

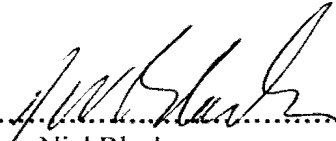
Honorarium payments are to the Secretary. The secretary is The sole recipient of any honorarium payments. This payment includes \$1,026 that was not claimed in 2001-02 and for work undertaken for the Co-op Dictionary.


CO-OPERATIVE FEDERATION OF VICTORIA LTD

DIRECTORS DECLARATION

In accordance with a Resolution of the Directors of the CO-OPERATIVE FEDERATION OF VICTORIA LTD we do hereby state that in the opinion of the Directors, the accompanying Profit and Loss Account is drawn up so as to give a true and fair view of the performance of the Federation for the financial year ended 30 June, 2003 and the accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Federation as at 30 June, 2003.

Signed this 16th day of January, 2004 in accordance with a resolution of Directors.


.....
Director - Niel Black


.....
Director - Tony O'Shea

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CO-OPERATIVE FEDERATION OF VICTORIA LTD**

Scope

We have audited the accounts being the Declaration by Directors, Profit and Loss Account and Balance Sheet and Notes to Accounts of Co-operative Federation of Victoria Ltd for the year ended 30 June, 2003. The Federation's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Federation.

Our audit has been conducted in accordance with Australian Auditing Standard to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Federation's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion, the financial report of the Federation is properly drawn up in accordance with:-

- a) The Corporations Act 2001, including:
 - i) giving a true and fair view of the Federation's position as at 30 June 2003 and of the performance for the year ended on that date, and
 - ii) complying with Accounting Standards in Australia to the extent described in Note 1 and the Corporations Regulations 2001; and
- b) The Provisions of the Co-Operatives Act 1996.
- c) Other mandatory professional reporting requirements.

Signed at Ballarat this 27th day of January 2004

.....*Prowse, Perrin & Twomey*.....
 PROWSE, PERRIN & TWOMEY
 Certified Practising Accountants

.....*Tim Bunning*.....
 Tim Bunning (CPA)